riverland wine

# THE RIVERLAND WINE INDUSTRY BLUEPRINT

2023-2033

# Riverland Wine Industry Strategic Blueprint

**Stage 2 – Market Research Report**

**Paul Graham, Market Strategy**

**paul@marketstrategy.com.au**



Market Strategy
www.marketstrategy.com.au

# Introduction and Contents

**INTRODUCTION**

This report is written as part of the Riverland Wine Industry Strategic Blueprint Project. The project has a 4-phase approach to develop the Blueprint.

Phase 2 of the process is the research phase. This phase is designed to gather information on industry structure, market structure and market trends, so accurate and useful decisions on the Blueprint can be taken.

This report forms part of the market research. It considers the trends influencing consumer and trade buyers, the current global status of alcohol and wine consumption and the opportunities that these trends present for the Riverland Wine Industry.

The report ends with a set of recommendations for the Steering Committee to consider.

Information sourced within this report is from secondary research, but is only presented if from a credible source and preferably triangulated with other reference points.

A reference library of information sources has been provided to the project leader should more information be sort on specific reports.

**CONTENTS**


1. **Global Consumer Mega Trends**

Unpacking the major influencing factors on consumers for today and tomorrow.

2. **Alcohol Trends and Impacts**

Highlighting trends in alcohol consumption worldwide to give context to wine consumption.

3. **Wine Trends**

A deeper dive into the most relevant trends for global wine consumption.

4. **Opportunity Areas**

Product, price, promotion, distribution and tourism opportunities for participants in the Riverland wine industry to consider.

5. **Recommendations**

A set of recommendations for the steering committee developing the Riverland Strategic Industry Blueprint to consider.




Market Strategy
www.marketstrategy.com.au

# Global Consumer Mega Trends

# Global Consumer Mega Trends

In an era characterized by rapid technological advancements, evolving societal norms, and environmental concerns, the landscape of consumer behavior is undergoing a profound transformation.

Understanding the underlying mega trends that shape consumer's daily activities and consumption habits has become paramount for all businesses seeking to stay relevant in a changing marketplace.

**Shifting Paradigms**

From the rise of digitalization to the growing emphasis on sustainability, today's consumers are navigating an array of influential mega trends that are revolutionizing the way they approach their everyday lives. The digital age has redefined connectivity, enabling consumers to access information, products, and services at their fingertips.

Simultaneously, shifting demographics and cultural dynamics have introduced new expectations regarding inclusivity, personalization, and ethical considerations.

**Technology and Consumer Behavior**

At the forefront of this transformative journey is technology, a driving force that is interwoven into nearly every aspect of modern life. Augmented reality, artificial intelligence, and the Internet of Things have reshaped how consumers interact with products and services and redefined their expectations for convenience, personalization, and seamless experiences.

Social media platforms have revolutionized the way consumers discover, share, and evaluate products. Peer recommendations and user-generated content are at the forefront of purchase decision-making.

**The Path Ahead**

As businesses navigate the intricacies of these global mega trends, the key to success lies in being adaptive.

The critical decision on facing us on all the trends is not 'will they affect me?' it is 'when will they affect me'?

**This Analysis**

While all trends are highly interrelated, to make them more digestible, they are presented in the following pages in two sections:

- How We Think
- How We Act

# How We Think

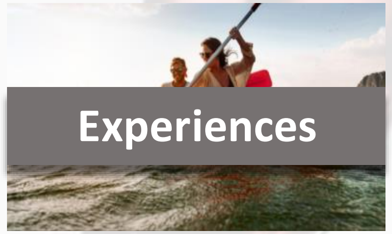
Changing mindsets has a large impact on how people interact with each other and consequently how they live their live. Here are some of the most important trends influencing the mindsets of customers.

## Connectivity

Consumers are increasingly connected to the world around them, and they are looking for products and services that allow them to stay connected. This trend is being driven by the increasing availability of mobile devices, as well as the growing popularity of social media and online communities.

## Empowerment

Consumers are looking for products and services that empower them to make their own choices and live their own lives. This trend is being driven by the increasing availability of information, as well as the growing popularity of DIY culture and social movements.



## Experiences

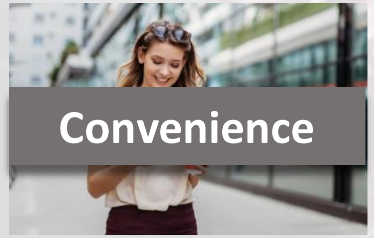
Experiences over possessions: Consumers are increasingly interested in experiences rather than possessions. This trend is being driven by a number of factors, including the rising cost of living, the increasing popularity of social media, and the desire for unique and memorable experiences.

## Wellness

Health and wellness: Consumers are increasingly focused on their health and wellness, and they are looking for products and services that can help them improve their physical and mental health. This trend is being driven by a number of factors, including the rising cost of healthcare, the increasing prevalence of chronic diseases, and the growing popularity of alternative medicine.

## Authenticity

Consumers are looking for products and services that are authentic and genuine. This trend is being driven by the increasing distrust of large corporations, as well as the growing popularity of small businesses and independent brands.



## Convenience

Consumers are looking for products and services that are convenient and easy to use. This trend is being driven by the increasing busyness of people's lives, as well as the growing popularity of online shopping and delivery services.

## Personalisation

Consumers are demanding more personalized products and services that are tailored to their individual needs and preferences. This trend is being driven by the increasing availability of data about consumers, as well as the growing popularity of e-commerce and social media.

## Purpose

Consumers are looking for products and services that have a purpose and that make a difference in the world. This trend is being driven by the increasing awareness of social and environmental issues, as well as the growing popularity of ethical consumerism.

## Simplicity

Consumers are looking for products and services that are simple and easy to understand. This trend is being driven by the increasing complexity of the world around us, as well as the growing popularity of minimalism and mindfulness.

# How We Act

The way that consumers behave it is changing and there are some fundamental trends driving them.

Here are some of the most important trends influencing the behaviour of customers.

## Inflation

Inflation has become a top concern for governments – and consumers. If both high borrowing rates *and* high prices persist, consumers around the world will be more likely to delay purchases with large downstream effects. Note consumers are happy to pay higher prices for their favourite brands.

## Chasing Value

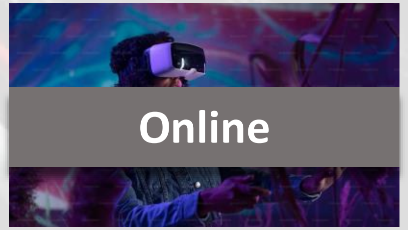
Successful products excel in consumer perceptions of value: fast food is 'great value for the money' – but so, too, are top luxury brands, because of the way their products represent a 'justified premium' that will retain their value over successive years. This year, across most consumer-facing categories – from autos to alcohol – brands' luxury and low-cost propositions thrived, while offerings with more muddled value propositions struggled.

## Water & Enviro

Climate scientists dubbed 2022 the 'year of the drought' as countries around the world all saw some of their worst water shortages in decades. This decade, water use is poised to become a broader-based sustainability 'must-do' – not least because of the brand reputation consequences of being deemed a 'water waster' in markets where aquifers are running dry.

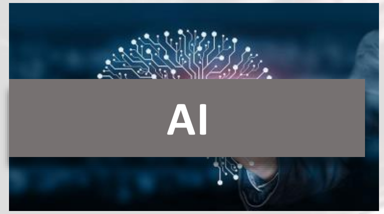
## China Challenge

China has opened up following the end of its Zero-COVID policy. Chinese apparel and personal care brands have gained ground on their foreign competitors – and China's tech marketplace has become more inward-looking as well, in both the business and consumer spheres. The days when Chinese consumers automatically associate foreign brands with higher quality are over. Instead, foreign and local businesses alike will instead have to rely more on their own strong brand propositions – and will be judged on the depth of their commitment to China's culture and consumers.



## Online

The digital world is an everyday part of our lives and continues to shape and change behaviours. Post COVID online retail trends have remained high; the way people consumer television and video has changed for good; the new ways travel is booked is firmly embedded in our lives. The digital world has opened up a new lifestyle – and most people love it.



## AI

Microsoft, Google, and Meta signaled a shift in operations through natural language processing AI. But it's clear that the pace of technological progress in the AI realm has kicked into a new gear – at the same time that the technology has reached a kind of cultural tipping point in the public imagination.

## Gen. Alpha

Generation Alpha's learning will take place not just in schools, but within the interfaces of ed tech platform. Their socialising will take place within gaming arenas and private messaging servers. Their influence on families' shopping habits will occur by adding items to digital carts. Gen Alpha will be the first generation to be 'AI native' with respect to how they learn to think, create, travel, and socialise.

## Brand Bundling

The trajectories of two major business trends – the rise of splashy multi-brand collaborations on one hand, and consumers' reinvigorated search for value on the other – have come together to shape the contours of a third emerging practice: the rise of the cross-category bundle.

## India Rising

India recently surpassed China as the world's most populous Country and is now poised to grow the fastest of any G20 country in the next several years. In the past, navigating India's local ownership and manufacturing rules has proven difficult for some global businesses (retailers especially) – but top global brands are now making big bets on activities like auto manufacturing, smartphone assembly, and entertainment co-productions.

*Source: Kantar*

Market Strategy
www.marketstrategy.com.au

# Alcohol Trends & Impacts

# Trends in Alcohol Consumption

Over the past 20 years, the way people around the world drink alcohol has changed.

When the 2000s began, developing countries were changing rapidly. People were using technology more, and cities were growing quickly. Alcohol, especially strong drinks like spirits, became more and more popular in these developing markets.

From 2015 onwards we see a change. People started drinking less, especially in Europe and the Pacific Rim. In fact all areas of the world are now showing a decline in alcohol consumption apart from Asia where growth has plateaued.

While alcohol is central in our business world and in our society it's also important to know that more than half of the world's population doesn't drink alcohol at all.

After years of strong growth, the alcohol category now faces a significant problem. It has a poor reputation and is in decline.

# Globally Long-Term Alcohol Consumption Was Growing To 2016

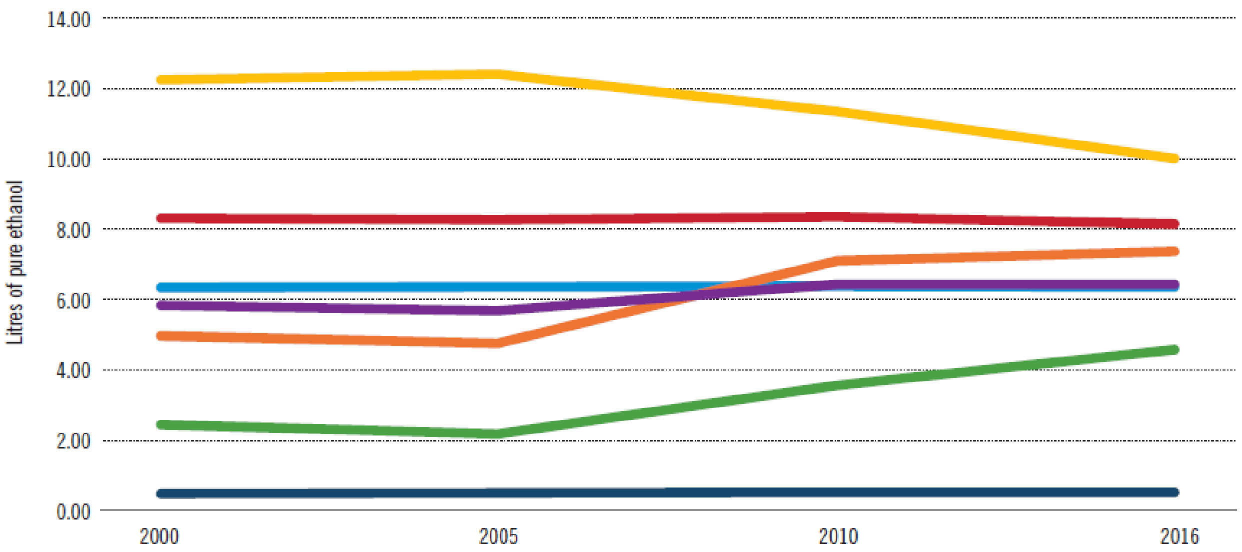
**1990 – 2017.** Alcohol consumption grew by 70% from 21 billion litres to 35 billion litres.

Consumption / Capita up from 5.7 litres (2000) to 6.4 litres (2016)

Growth driven by SE Asia and Western Pacific Rim.

European market shrunk by 20%

**Figure 3.5** Trends in total alcohol per capita consumption (APC) (15+ years) in litres of pure alcohol in WHO regions, 2000–2016



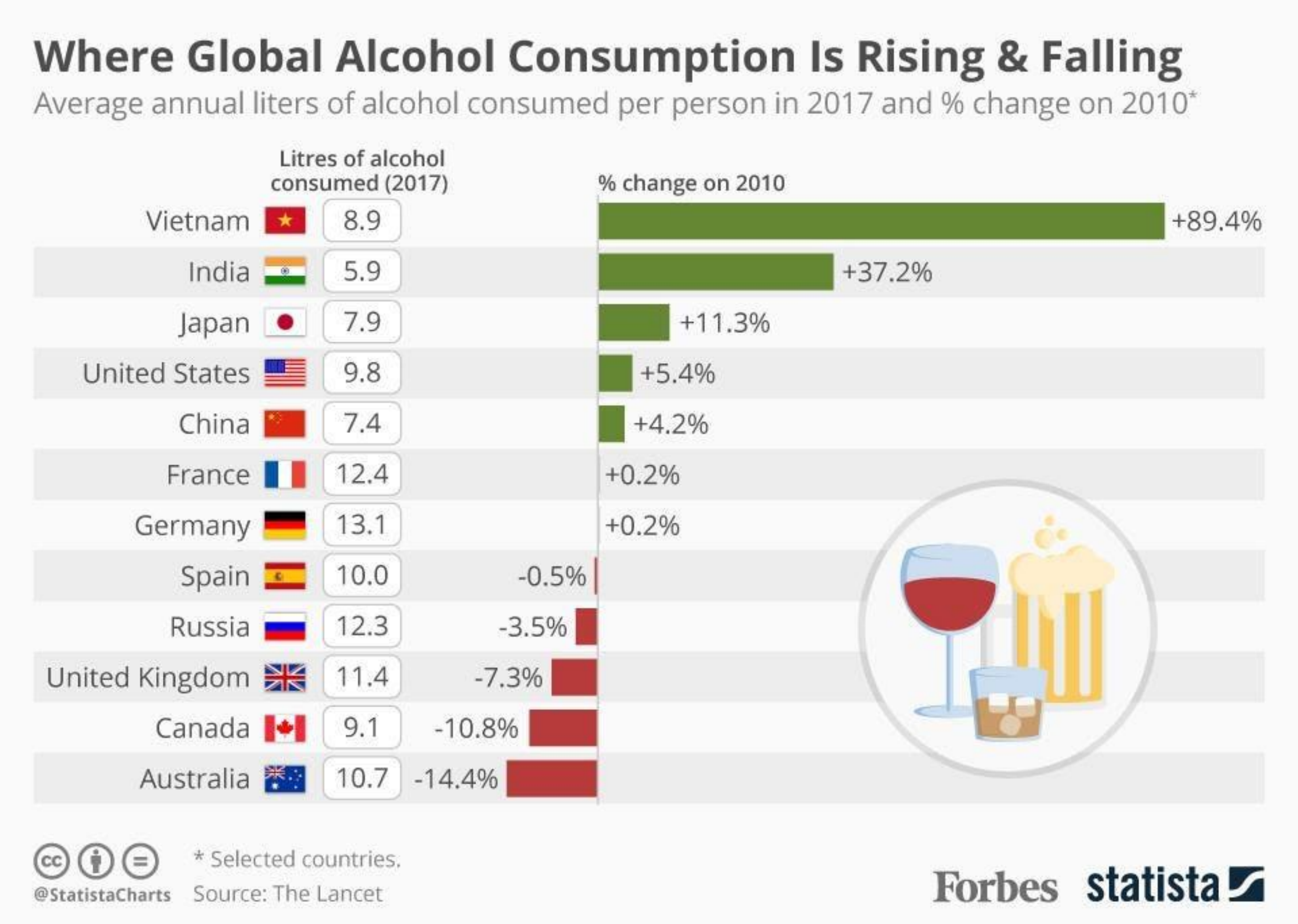

| | 2000 | 2005 | 2010 | 2016 |
|---|---|---|---|---|
| AFR | 6.2 | 6.3 | 6.3 | 6.3 |
| AMR | 8.2 | 8.2 | 8.2 | 8.0 |
| EMR | 0.4 | 0.5 | 0.6 | 0.6 |
| EUR | 12.1 | 12.3 | 11.2 | 9.8 |
| SEAR | 2.4 | 2.1 | 3.5 | 4.5 |
| WPR | 4.8 | 4.6 | 7.0 | 7.3 |
| World | 5.7 | 5.5 | 6.4 | 6.4 |

*Source WHO*



Market Strategy
www.marketstrategy.com.au

# With Particular Changes In Different Markets






Market Strategy
www.marketstrategy.com.au

# A Different Perspective On Consumption Emerges Post 2015

Global Consumption has begun to trend downwards.

Western Pacific Rim shows a steep decline from 2015 onwards. Europe, Africa & Americas are all also declining.

South East Asia alcohol consumption has stabilised.

Figure 1.8 Total alcohol consumption per capita (age 15 years or older), WHO regions and global, 2000–2019




Market Strategy
www.marketstrategy.com.au

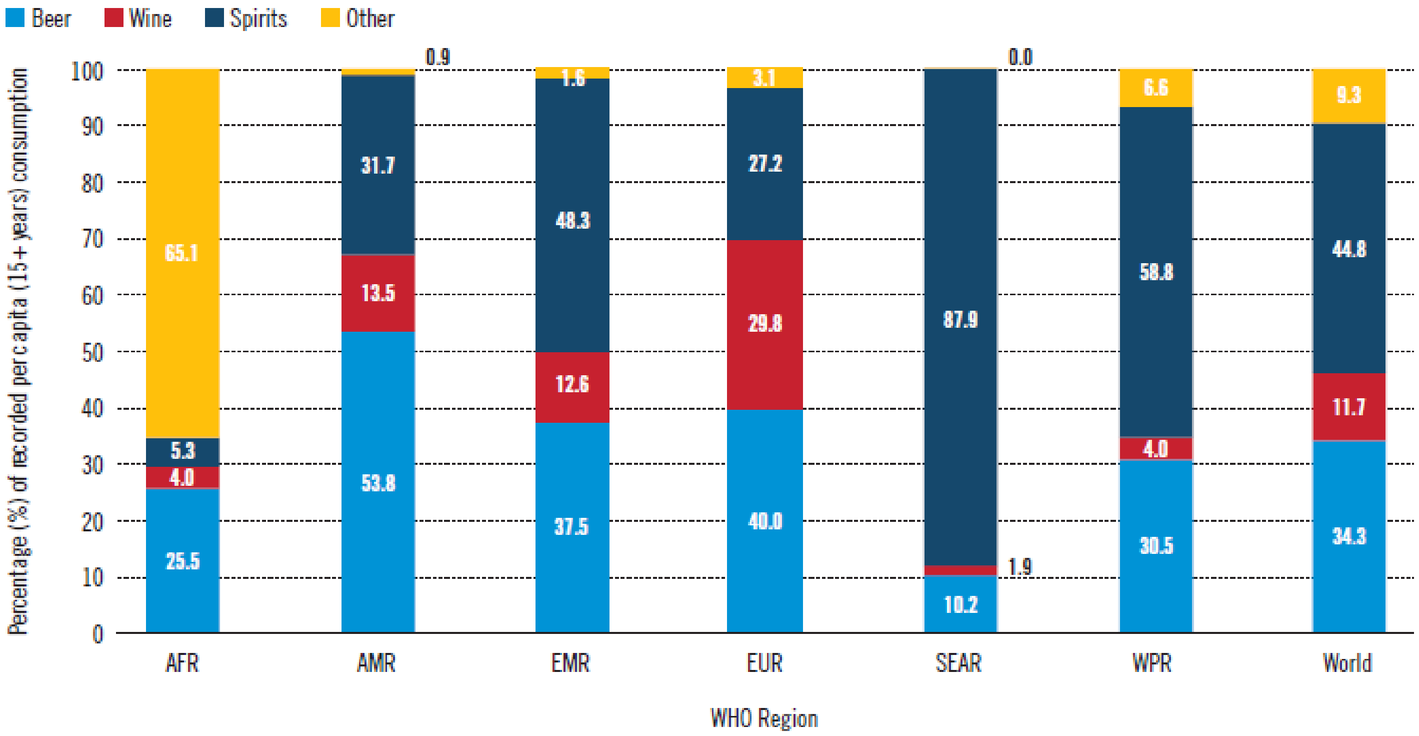
# Beverage Preferences Are Different Regionally

There have been only minor changes in beverage preferences by market since 2010

In Europe spirits share of category dropped to 27% and wine increased to 30%

Growth regions from 2000 are dominated by spirits.

**Figure 3.7** Percentage (in %) of recorded alcohol per capita consumption (APC) (15+ years) in the form of beer, wine, spirits and other types of alcoholic beverages by WHO region and the world, 2016




*Source WHO*

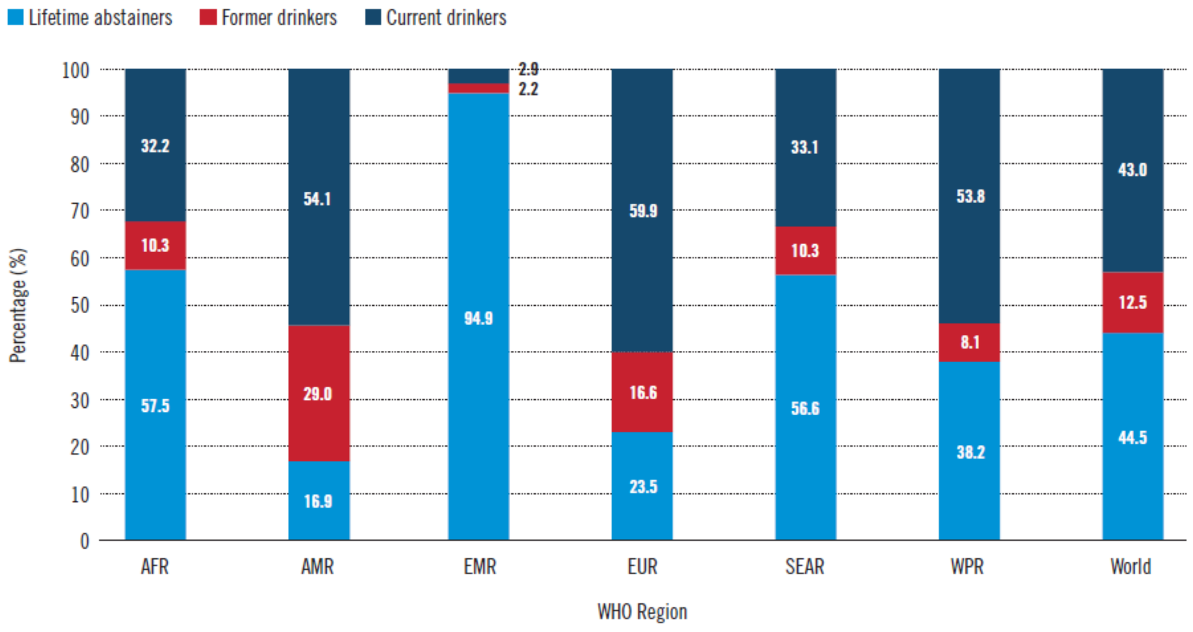
# Not Everyone Drinks Alcohol and Some Are Stopping

More than half the global population (15+) does not drink alcohol

The 'former drinkers' category is growing.

In the Americas 'former drinkers' outnumber abstainers.

**Figure 3.1** Percentage of current drinkers, former drinkers and lifetime abstainers (in %) among the total population (15+ years) by WHO region and the world, 2016




*Source WHO*



Market Strategy
www.marketstrategy.com.au

# What Can We Learn From This?

Alcohol consumption grew globally from 2000 to 2015, driven by emerging markets and spirits.

Since 2015 all markets have either gone into decline or stabilised.

Fewer people in key traditional markets are consuming alcohol;

Those that are consuming are doing so at lower rates.

Fundamentally the alcohol category has a problem.
Consumption per capita is declining.



Market Strategy
www.marketstrategy.com.au

# Wine Trends

# Wine Trends

The global wine industry is facing a number of challenges, including declining consumption, oversupply, and changing demand patterns.

Global wine consumption has fallen from the peak of 2008. In 2023, global wine consumption is expected to be around 25 billion liters, down from 28 billion liters in 2008. This decline is being driven by a number of factors, including lifestyle changes in traditional wine-consuming countries, competition from other drinks categories, and austerity measures in China.

Five countries -- France, Italy, Spain, the United States, and China -- consume 49% of the world's wine. These countries are also the most affected by the decline in wine consumption. In France, for example, wine consumption has fallen by 20% since 2008.

The global demand pattern for wine is also changing. There is a serious oversupply of wine production, and demand for red wine is declining. In contrast, there is increasing demand for sparkling wine, premiumization (wanting a better quality at each price band), and movement towards lighter varietals.

These challenges are putting a strain on the global wine industry. Wine producers are facing lower prices and increased competition. The industry is also facing a number of regulatory challenges, such as stricter alcohol labeling laws.

Despite these challenges, the global wine industry is still worth billions of dollars. There are opportunities for wine producers who are able to adapt to the changing market conditions. These producers will need to focus on producing high-quality wines that meet the demands of consumers. They will also need to be innovative and creative in their marketing and distribution strategies. These opportunities will be unpacked in the Opportunities section.

# Consumer Trends Influencing Wine Consumption

## Health & Well

Health concerns: There is growing awareness of the health risks associated with alcohol consumption, and this is leading some people to reduce or quit drinking altogether. It is leading towards zero alcohol and low alcohol wines. Combine this will low carb/ sugar and other health trends. There is a powerful destabilising force in the market.

## Sober Curious

Sober curious movement: This movement is encouraging people to question their relationship with alcohol and to consider whether they would be better off without it.

## Substitutes & Boomers

Switching Consumers: Younger drinkers are changing the way they consume alcohol. US research showed that 40% of no/low consumers are substitutors. In addition younger consumers are happy 'blenders' switching between full, low and no options in the same consumption outing.

## Changing Tastes

Changing tastes: Younger consumers are increasingly interested in other beverages, such as craft beer, cocktails, and non-alcoholic drinks.

They also want to explore new tastes and flavours as part of their traditional drinks.

## Support Local

Local Advocates: Consumers emerged from COVID with a renewed sentiment for supporting their local businesses and communities. You must still meet product and pricing expectations but you there is preference for locally sourced product offerings.

## Drinks Experimentation

Experimental Consumers: Across all categories there is a consumer desire and expectation for experimentation. Over the last 50 years, the development of a global marketplace has led to a flexible consumer conditioned to trying new things. Loyalty isn't dead, consumption repertoires are just bigger.


Market Strategy
www.marketstrategy.com.au

# Consumer Trends Influencing Wine Consumption

## Relative Cost

Economic factors: The cost of wine has been rising in recent years, which has made it less affordable for some people.

## Regulation

Legal Action: With an increased focus on the health effects of alcohol consumption and associated health care costs there are a series of hard (taxation) and soft (consumption recommendations) barriers that continue to be introduced. The WHO is extremely focused on the reduction of global alcohol consumption.

## Wine User Recruitment

Category Inertia: Younger drinkers are not being introduced to wine as early (in household situations) and are not consuming it in as much volume (responsible consumption). With other drinks categories satisfying younger drinker needs (portability, health), the wine category does interest as many new drinkers.

## Regional Wealth Changes

Rising Incomes: Income was flagged earlier as a major driver of increased wine consumption in the non traditional major markets that emerged in the 2000s (US / UK / China). It is still a factor in newly emerging markets (e.g. India and other Asia markets). As developing countries acquire more wealth, opportunity presents.

## Global Aging

Demographic changes: Aging populations and changing demographics impact wine consumption, with specific age groups and regions showing varying preferences.

## Channel Movements

Where to buy? Consumers are happy to purchase online. Online wine purchase is accepted and in some cases preferred. The explosion of subscription clubs assists how these purchases can be made. Wineries themselves are happy encouragers of this trend with their cellar doors and loyalty club programs.



Market Strategy
www.marketstrategy.com.au

# Consumer Trends Influencing Wine Consumption

## Environment / Sustainability

Environmental sustainability: Growing concern for environmental issues drives demand for sustainably produced wines and eco-friendly practices in the wine industry.

## Authenticity & Provenance

Wine authenticity and provenance: Consumers seek wines with a clear and authentic origin, leading to a preference for wines with protected designation of origin (PDO) or geographical indications.

## Alcohol & Socialisation

Wine and socializing: Wine's role as a social lubricant and its association with conviviality affect consumption in social settings.

## Culture Shifts

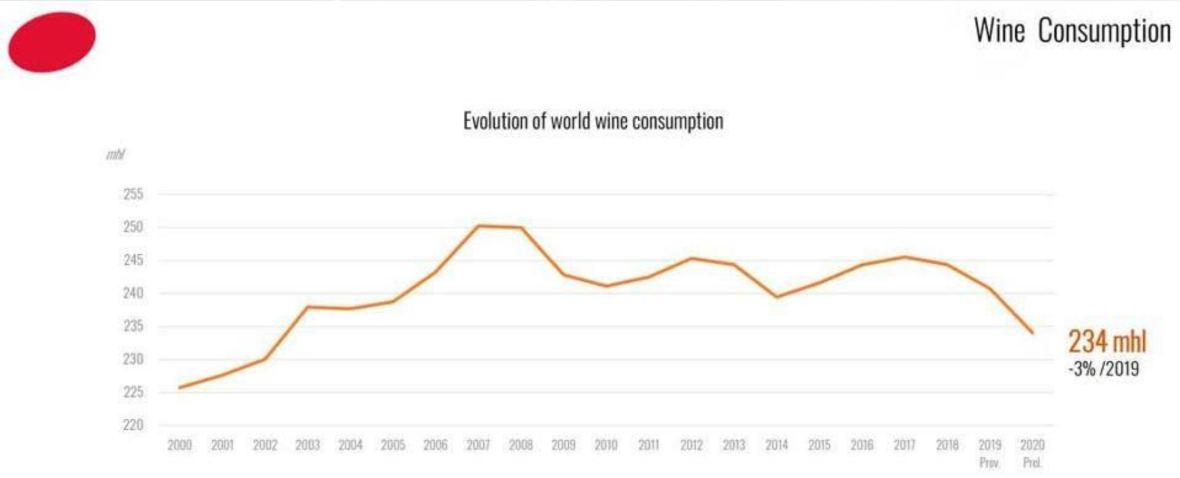
Wine and cultural shifts: Changing social norms, such as increased acceptance of moderate drinking, influence wine consumption.

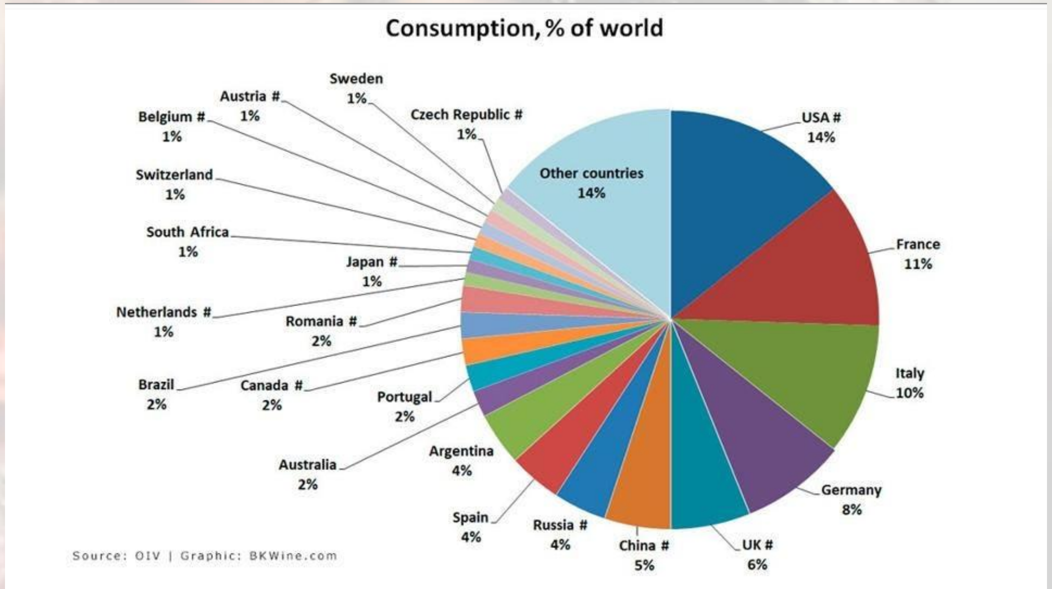
# Consumer Trends Influencing Wine Consumption

- Health & Well
- Sober Curious
- Substitutors & Boomers
- Changing Tastes
- Support Local
- Drinks Experimenting
- Relative Cost
- Regulation
- Wine User Recruitment
- Regional Wealth Changes
- Global Aging
- Channel Movements
- Environment / Sustainability
- Authenticity & Provenance
- Alcohol & Socialisation
- Culture Shifts


Market Strategy
www.marketstrategy.com.au

# Wine Consumption – The Stats




- Longer term Global wine consumption peaked and is now in decline.
- Decline in traditional markets was masked by growth in new markets.
- Traditional markets (e.g. Europe are now relatively stable).
- China accounts for the major drop off.

- The five biggest wine consuming countries account for **half of the world's wine consumption** (49%).



Market Strategy
www.marketstrategy.com.au

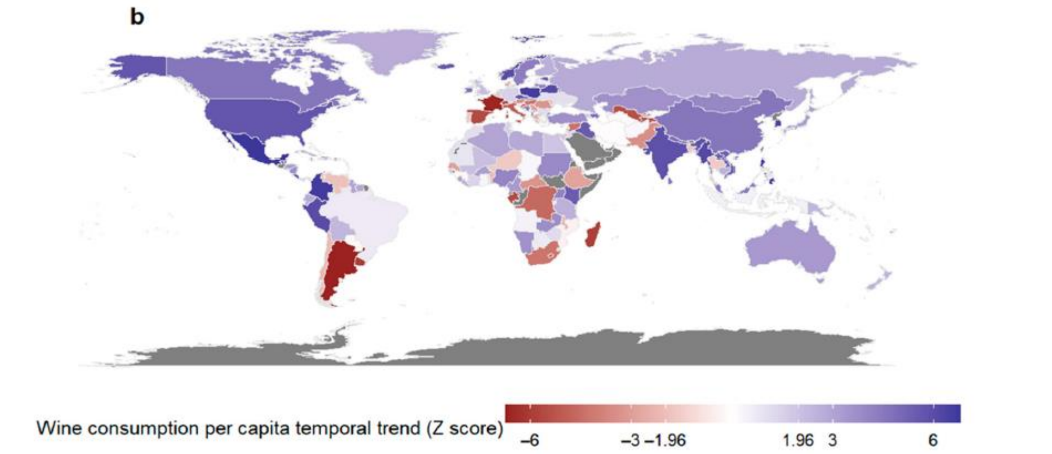
# Traditional Markets Decline Will Repeat In New Markets

**Litres / Capita Consumption (Growth / Decline) 1995 -2021**

A 2023 report studied the long-term trends in global wine consumption including production, consumption, import and export. The results track wine consumption over a long period of time but identify specific nuances and reasons for wine consumptions variation in the larger markets (traditional & new).

For countries with a wine consumption per capita that is higher than the global average (i.e., 3.53 liters year 1), **the long-term trend shows strong, significant decrease in consumption per capita. From this the analysis (right) was prepared – identifying different reasons on decline by country segment.**

Examples for notable countries suffering 30-year decline are Argentina, France, Uruguay, Switzerland, Spain, and Italy.



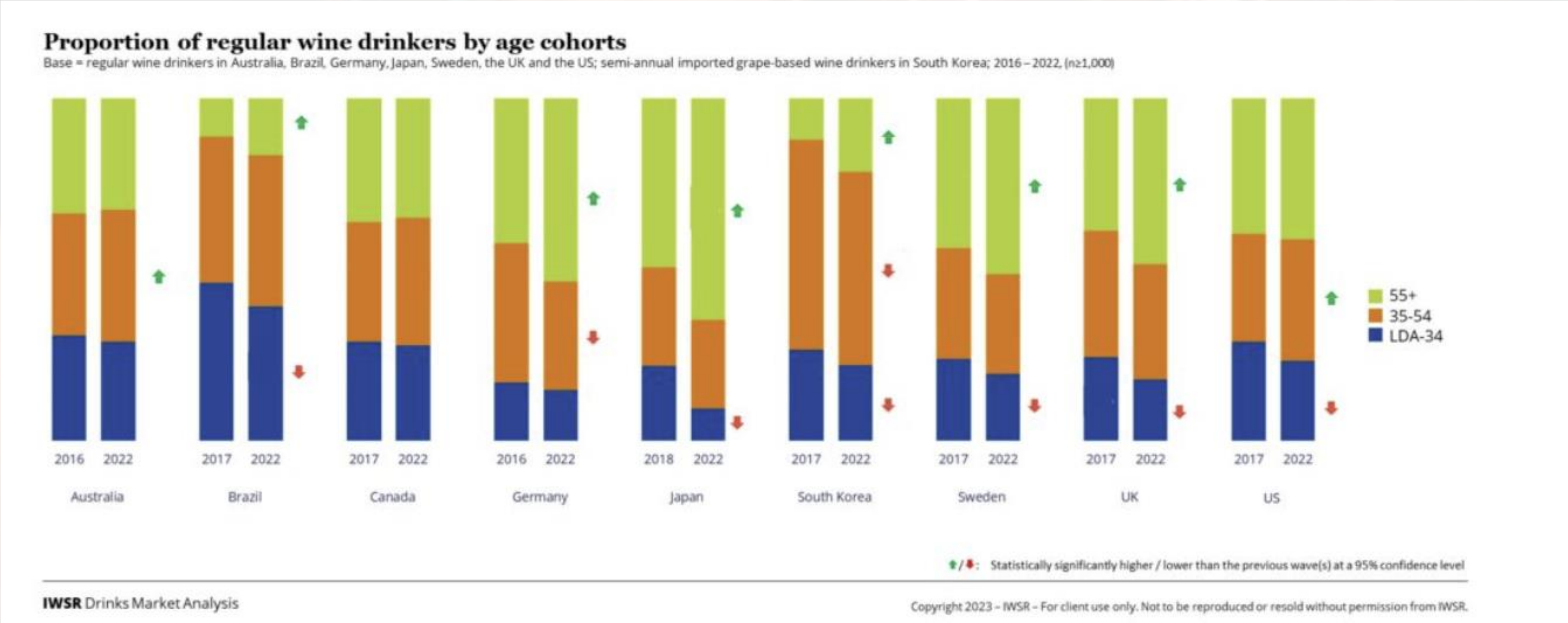

Ohana-Levi, N.; Netzer, Y. Long-Term Trends of Global Wine Market. *Agriculture* **2023**, *13*, 224.

**Detail Behind The Decline**

1. Old World production and consumption is declining. New world production is increasing, and new world consumption markets are emerging.
2. The global trade balance is affected by consumer demand, production, import/export, regulation.
3. In new world countries (UK, US, China) income was the major driver of wine consumption.
4. This was not seen in old world countries where despite income growth there is decline in consumption (Italy, France, Greece, Portugal, Spain).
5. Why? Lack of advertising, new beverage options, public health polices, greater health awareness, changing household usage were the major contributors to long term decline.
6. Globally current increases of wine consumption are to be linked to modern, developed, and wealthy countries, and characterized by urban populations and high-income.
7. **Ultimately the major contributing factors to the decline in wine consumption in traditional markets are likely to now be repeated across all markets.**

Market Strategy
www.marketstrategy.com.au

# So Who Does Consume Wine?




- Regular wine drinkers are becoming older in most major markets.
- Younger consumers are not being recruited as early and in as much volume.
- Why? There is fierce competition from other drinks categories and moderation themes.

Market Strategy
www.marketstrategy.com.au

# What's Happening With Specific Wine Categories

**Red Wine Demand Decline**

Demand For Lighter Varietals incl Rose

Demand for Quality (Premiumisation)

Growth of Sparkling

Figure 5: Estimated crush of top 10 red varieties and year-on-year percentage change


*Source Wine Australia*



Market Strategy
www.marketstrategy.com.au

# What's Happening With Specific Wine Categories

Red Wine Consumption Decline

Demand For Lighter Varietals incl Rose

Demand for Quality (Premiumisation)

Growth of Sparkling

The Still Rose category in Australia is in 100% YOY growth, although this comes from a low volume base (10million litres)

There is growing demand for lighter varietals in Australia and for export, facilitating a movement away from traditional varietals, especially in red wine.

| Reds | Whites |
|---|---|
| Barbera | Chenin Blanc |
| Cabernet Franc | Fiano |
| Graciano | Grüner Veltliner |
| Lagrein | Marsanne |
| Montepulciano | Roussanne |
| Muscat à Petits Grains Rouges | Verdelho |
| Nebbiolo | Vermentino |
| Nero d'Avola | Viognier |
| Pinot Meunier | |
| Sangiovese | |
| Tempranillo | |
| Touriga Nacional | |

| Other reds | | Other whites |
|---|---|---|
| Aglianico | Mondeuse | Albarino |
| Alicante Bouschet | Muscat Hamburg | Arinto |
| Carignan | Negroamaro | Arneis |
| Carmenère | Rubired | Canada Muscat |
| Chambourcin | Sagrantino | Clairette |
| Cinsaut | Saperavi | Friulano |
| Counoise | Souzao | Garganega |
| Dolcetto | Tannat | Greco |
| Gamay | Teroldego | Grenache Blanc |
| Isabella | Tinta Amarela | Grillo |
| Lambrusco Maestri | Tinta Barroca | Gros Manseng |
| Marzemino | Tinta Cão | Inzolia |
| Mencia | Zinfandel/Primitivo | Malvasia Istriana |
| | | Moscato Giallo |
| | | Muscadelle |
| | | Orange Muscat |
| | | Palomino |
| | | Pecorino |
| | | Pedro Ximenez |
| | | Pinot blanc |
| | | Savagnin |
| | | Trebbiano |
| | | Verdejo |
| | | Verdicchio Bianco |

*Source Wine Australia, Euromonitor*



Market Strategy
www.marketstrategy.com.au

# What's Happening With Specific Wine Categories

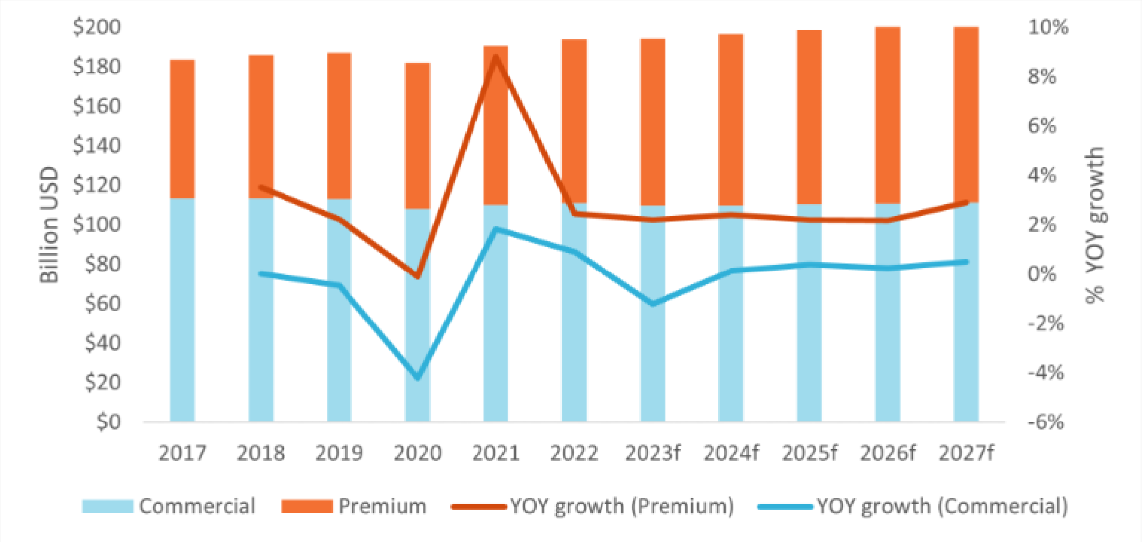
Red Wine Consumption Decline

Demand For Lighter Varietals incl Rose

**Demand for Quality (Premiumisation)**

Growth of Sparkling

Consumers are demanding more quality in each price bracket. They want to drink better, not to drink more.




Premium wine sales have slowed down, compared to last year's growth of 9 per cent, to only 2 per cent growth in value from 2021, driven by economic and inflationary pressures. Nonetheless, premium wine sales (US$10 per bottle or equivalent and above) are forecast to steadily grow at 2 per cent per annum from 2022 through to 2027 to a market share of 46 per cent of total wine sales. On the other hand, commercial wine sales (below US$10 per bottle or equivalent) only grew by 1 per cent in value from 2021 and are forecast to decline and stagnate through to 2027.

**Wine Australia**



Market Strategy
www.marketstrategy.com.au

# What's Happening With Specific Wine Categories

Red Wine Consumption Decline

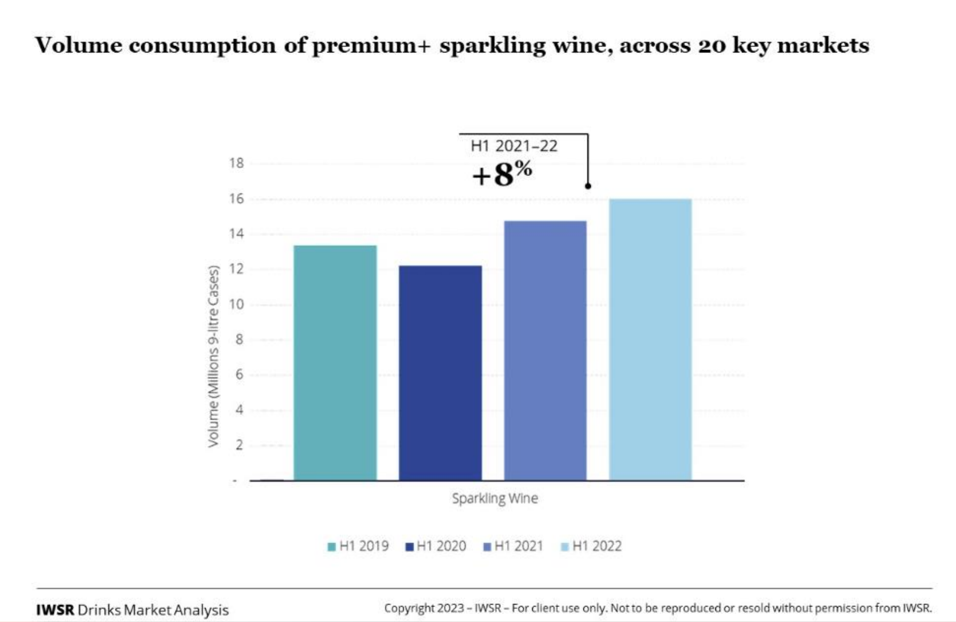
Demand For Lighter Varietals incl Rose

Demand for Quality (Premiumisation)

**Growth of Sparkling**

The trend towards sparkling wine is pronounced in Australia and outside of Australia.

- Sparkling wine in Australia increases 8% to 80 million litres – 13% category share.
- The graph below shows increases of sparkling share in 20 aggregated countries.




*Source FWSR, Euromonitor*



Market Strategy
www.marketstrategy.com.au

# Opportunity Areas

# Opportunity Areas

The wine industry is constantly evolving, and the changing dynamics of the market present opportunities for different businesses of different sizes at different stages of the supply chain.

**Product opportunities include:**

- Developing new formats, such as ready-to-drink wines and canned wines.
- Creating wines that are more environmentally friendly, such as organic and biodynamic wines.
- Making wines that are healthier, such as low-alcohol and no-alcohol wines.
- Partnering with other industries to create adjacent product categories, such as wine-infused foods and cosmetics.

**Packaging opportunities include:**

- Developing more sustainable packaging, such as reusable bottles and cartons.
- Creating packaging that is more informative and engaging, such as augmented reality packaging.
- Offering smaller serving sizes, such as 375ml bottles and single-serve cans.

**Communication opportunities include:**

- Developing stronger category and regional branding initiatives.
- Investing in winery branding and marketing.
- Promoting the integrity of the wine industry.
- Running tactical campaigns to target specific audiences.

**Channel opportunities include:**

- Expanding into new countries and markets.
- Developing new distribution channels, such as e-commerce and direct-to-consumer sales.
- Creating branded wine experiences, such as wine tours and tastings.

Wine tourism is a separate opportunity that needs to be embraced as part of a wider regional tourism project. Wine tourism can help to attract visitors to the region, generate revenue for local businesses, and create jobs.

These opportunities are explored in more detail in the following sections.



Market Strategy
www.marketstrategy.com.au

# Product Opportunities

**Format**

- Varietals
- Sparkling
- Flavoured

**Environmental**

- Organic
- Sustainable
- Carbon

**Health**

- No Alcohol
- Low Alcohol
- Vegan / Dairy / Carb / Gluten
- Low Sugar / Calorie
- Low Sulphate

**Ready To Drink**

- Spritzer
- Cocktail (e.g. Sangria / Mimosa)
- Frose

**Marketing**

- Reserve Tiers
- Tiering Ranges
- Collectables
- Co-Branding
- Private/Label

**Adjacencies**

- Vinegars / Soy's / Sauces
- Fuel Additives
- Industrial Alcohols

This report has referred already to changing consumption habits that are preferring lighter varietals, the growth of Rose and global decline in demand for reds. Readers should cross reference this report with the other project report that focuses on the production and pricing of varietals in Australia.

This report has also referred to the growth in demand for sparkling wine domestically and internationally. Sparkling wine is no longer seen as a drink that is ONLY appropriate for special occasions. It is now being enjoyed more casually, as an everyday drink. This is due in part to the growing popularity of cocktail culture, as well as the increasing availability of affordable sparkling wines.

Flavoured wine is another product format that could increase consumer appeal. Flavoured wine is wine that has been infused with artificial or natural flavours, such as fruits, spices, or herbs. It is often sweeter than traditional wine, and it can be enjoyed by people who do not like the taste of plain wine. People like flavoured wine for a number of reasons:

- Flavoured wine is often sweeter than traditional wine, which can appeal to people who do not like the taste of dry wine.
- Flavoured wine can be infused with a variety of fruits, such as strawberries, raspberries, and watermelon. This can make it a more refreshing and appealing drink for some people.
- Flavoured wine can be enjoyed on its own or used in cocktails. This makes it a more versatile drink than traditional wine.
- Flavoured wine is often more affordable than traditional wine. This makes it a more accessible option for people who are just starting to explore wine.



Market Strategy
www.marketstrategy.com.au

# Product Opportunities

**Format**

- Varietals
- Sparkling
- Flavoured

**Environmental**

- **Organic**
- **Sustainable**
- **Carbon**

**Health**

- No Alcohol
- Low Alcohol
- Vegan / Dairy / Carb / Gluten
- Low Sugar / Calorie
- Low Sulphate

**Ready To Drink**

- Spritzer
- Cocktail (e.g. Sangria / Mimosa)
- Frose

**Marketing**

- Reserve Tiers
- Tiering Ranges
- Collectables
- Co-Branding
- Private/Label

**Adjacencies**

- Vinegars / Soy's / Sauces
- Fuel Additives
- Industrial Alcohols

Consumers are increasingly concerned about the environmental impact of their food and beverage choices, and this is driving demand for sustainable and organic wines. Wine producers can capitalize on this trend by focusing on sustainable practices, such as using organic grapes and renewable energy.

According to a recent study by Nielsen, 66% of consumers are willing to pay more for sustainable products. This trend is particularly pronounced among millennials, who are more likely to be concerned about the environment than older generations.

Wine producers can capitalize on this trend by focusing on sustainable practices, such as using organic grapes and renewable energy. Organic grapes are grown without the use of synthetic pesticides and fertilizers, which can reduce the environmental impact of wine production. Renewable energy can be used to power wineries, which can also reduce their carbon footprint.

Evidence:

In the USA, more than 66% of those buying Australian Wine costing $20+ consider organically grown and certified sustainability of importance. (Wine Opinions).

Angove Family Winemakers launched Angove Naturalis to much success and it now available in over 20 countries.

Recommendation:

Wine producers should focus on sustainable practices to capitalize on the growing demand for sustainable wines. This can be done by using organic grapes, renewable energy, and other sustainable practices. Wine producers should also communicate their sustainability efforts to consumers to build trust and credibility.



Market Strategy
www.marketstrategy.com.au

# Product Opportunities

**Format**

- Varietals
- Sparkling
- Flavoured

**Environmental**

- Organic
- Sustainable
- Carbon

**Health**

- **No Alcohol**
- **Low Alcohol**
- Vegan / Dairy / Carb / Gluten
- Low Sugar / Calorie
- Low Sulphate

**Ready To Drink**

- Spritzer
- Cocktail (e.g. Sangria / Mimosa)
- Frose

**Marketing**

- Reserve Tiers
- Tiering Ranges
- Collectables
- Co-Branding
- Private/Label

**Adjacencies**

- Vinegars / Soy's / Sauces
- Fuel Additives
- Industrial Alcohols

Health and Wellness is a major lifestyle trend. Broadly speaking consumers are becoming more educated about how to live a healthier lifestyle in terms of what they put into their bodies and exercise they take. With global obesity rates still rising, there is a much more focus to come on this subject but it is clearly having an impact on the way that alcohol is consumed. Major areas of opportunity:

1. **No and Low Alcohol**
    1. Note, real figures on market sizes are very hard to get:
        1. Global No/Low Alcohol market forecasted to get to $13.3B -$23.4B
        2. No Alcohol Wine in Australia $15m (2021)
        3. 624k Litres of No/Low exported to Sweden (2021)
        4. More pertinently, forecasted be Accolade to be 25% of sales. McGuigan Zero forecasted to be 10% of sales.
    2. Key insight. They are different categories, of different size and are purchased for different reasons.
        1. USA research shows that 10-12% (Female/Male) are interested in No Alcohol
        2. 39% - 43% (Female / Male) are interested in Low Alcohol
        3. Trade interested in 7-9% alcohol content (WINE OPINIONS)
        4. This is a category of major investment and fit for the future way younger generations want to consumer their alcohol.



Market Strategy
www.marketstrategy.com.au

# Product Opportunities

**Format**

- Varietals
- Sparkling
- Flavoured

**Environmental**

- Organic
- Sustainable
- Carbon

**Health**

- **No Alcohol**
- **Low Alcohol**
- Vegan / Dairy / Carb / Gluten
- Low Sugar / Calorie
- Low Sulphate

**Ready To Drink**

- Spritzer
- Cocktail (e.g. Sangria / Mimosa)
- Frose

**Marketing**

- Reserve Tiers
- Tiering Ranges
- Collectables
- Co-Branding
- Private/Label

**Adjacencies**

- Vinegars / Soy's / Sauces
- Fuel Additives
- Industrial Alcohols

Health and Wellness is a major lifestyle trend. Broadly speaking consumers are becoming more educated about how to live a healthier lifestyle in terms of what they put into their bodies and exercise they take. With global obesity rates still rising, there is a much more focus to come on this subject but it is clearly having an impact on the way that alcohol is consumed. Major areas of opportunity:

1. **No and Low Alcohol**
    1. Note, real figures on market sizes are very hard to get:
        1. Global No/Low Alcohol market forecasted to get to $13.3B -$23.4B
        2. No Alcohol Wine in Australia $15m (2021)
        3. 624k Litres of No/Low exported to Sweden (2021)
        4. More pertinently, forecasted be Accolade to be 25% of sales. McGuigan Zero forecasted to be 10% of sales.
    2. Key insight. They are different categories, of different size and are purchased for different reasons.
        1. USA research shows that 10-12% (Female/Male) are interested in No Alcohol
        2. 39% - 43% (Female / Male) are interested in Low Alcohol
        3. Trade interested in 7-9% alcohol content (WINE OPINIONS)
        4. This is a category of major investment and fit for the future way younger generations want to consumer their alcohol.

(CONTINUED>)



Market Strategy
www.marketstrategy.com.au

# Product Opportunities

**Format**

- Varietals
- Sparkling
- Flavoured

**Environmental**

- Organic
- Sustainable
- Carbon

**Health**

- No Alcohol
- Low Alcohol
- **Vegan / Dairy / Carb / Gluten**
- **Low Sugar / Calorie**
- **Low Sulphate**

**Ready To Drink**

- Spritzer
- Cocktail (e.g. Sangria / Mimosa)
- Frose

**Marketing**

- Reserve Tiers
- Tiering Ranges
- Collectables
- Co-Branding
- Private/Label

**Adjacencies**

- Vinegars / Soy's / Sauces
- Fuel Additives
- Industrial Alcohols

2. Low Sugar / Low Calorie
   a. Focused on the reduction in calorie consumption and sugar consumption is a larger lifestyle and product trend than the reduction in alcohol consumption.
   b. It is therefore no surprise to see it directly impacting wine consumption, with consumers choosing drinks are (perceived) to be low sugar and low calorie.
   c. There is an opportunity for wine to educate consumers about its calorie and sugar content, flag lower sugar and calorie wines and develop new products to suit this need.

3. Dietary Trends
   a. Food and Drink are bound together, so wine can't escape the great food trends of the day. Namely:
      i. Vegan
      ii. Dairy Free
      iii. Low Carb
      iv. Gluten Free
   b. There are significant opportunities for the category to position itself to this different segments and to develop new products to meet the needs of the consumers.

4. Low Sulphate Wine
   a. Some people are sensitive to sulfites and can experience allergic reactions, such as hives, itching, or difficulty breathing. Others believe that low-sulfite wine is healthier than regular wine (though this is not proven).
   b. This is a product opportunity niche with a loyal market.

# Product Opportunities

**Format**

- Varietals
- Sparkling
- Flavoured

**Environmental**

- Organic
- Sustainable
- Carbon

**Health**

- No Alcohol
- Low Alcohol
- Vegan / Dairy / Carb / Gluten
- Low Sugar / Calorie
- Low Sulphate

**Ready To Drink**

- **Spritzer**
- **Cocktail (e.g. Sangria / Mimosa)**
- **Frose**

**Marketing**

- Reserve Tiers
- Tiering Ranges
- Collectables
- Co-Branding
- Private/Label

**Adjacencies**

- Vinegars / Soy's / Sauces
- Fuel Additives
- Industrial Alcohols

The ready to drink category has undergone a global boom. Why?

1. Portionability – consumers are drinking less.
2. Portability – easier to take with me.
3. Health – low calorie, low sugar, lower alcohol
4. Fashion – attractive branding.

How big is the market?

Accurate statistics are hard to find. As an indicator, in 2021, the global hard seltzer market was valued at $12.7 billion, and it is projected to reach $28.5 billion by 2027.

The ready to drink category in Australia was already more developed than the rest of the world so hasn't seen the explosive growth that other markets have. Global markets have seen larger growth in the seltzer markets, particularly products seen as a healthier choice.

How can wine take advantage of this trend? Below are possible product options. Note, meeting many needs (portability , portionability and health) is a criteria for success.

Frosé: Frosé is a frozen rosé wine cocktail. It is typically served chilled and is a popular summer drink.

Mimosa: A mimosa is a French drink made with champagne and orange juice. It is typically served for brunch or as a mimosa breakfast cocktail.

Sangria: Sangria is a Spanish drink made with wine, fruit, and spices. It is typically served chilled and is a popular summer drink.

Spritz: A spritz is an Italian drink made with wine, sparkling water, and fruit. It is typically served with ice and is a popular aperitif.

Wine cooler: A wine cooler is a drink made with wine, fruit juice, and carbonated water. It is typically served chilled and is a popular way to enjoy wine for people who do not like the taste of alcohol.



Market Strategy
www.marketstrategy.com.au

# Product Opportunities

**Format**

- Varietals
- Sparkling
- Flavoured

**Environmental**

- Organic
- Sustainable
- Carbon

**Health**

- No Alcohol
- Low Alcohol
- Vegan / Dairy / Carb / Gluten
- Low Sugar / Calorie
- Low Sulphate

**Ready To Drink**

- **Spritzer**
- **Cocktail (e.g. Sangria / Mimosa)**
- **Frose**

**Marketing**

- **Reserve Tiers**
- **Tiering Ranges**
- **Collectables**
- **Co-Branding**
- **Private/Label**

**Adjacencies**

- Vinegars / Soy's / Sauces
- Fuel Additives
- Industrial Alcohols

The research for this report found several product based marketing tactics, useful for setting price and creating demand:

**1. Reserve Tiers**

Wineries with an increased focus on 'reserve wine marketing' are using it to bolster price. Creating scarcity drives demand, which drives or sustains price.

**2. Tiering Ranges**

Research shows that a brand's premium priced top wines sets a price and quality expectation. This range should not be discounted. The range creates a halo effect from which other ranges under this brand benefit from (at more attainable price points).

The research shows that too many wineries start their price hierarchy too low and then there is no value in their lower end wines. Never go below the $20 price point for any range or the brand will suffer from image cheapening.

**3. Collectables**

Wine investment and collectibles: Wine as an investment asset class and the collectability of rare wines impact wine consumption among investors and collectors.

**4. Co-Branding**

This report previously discussed brand bundling. Co-branding is one of the safest ways of marketing. It rarely fails and nearly always opens the brand up to a new consumer set for trial and purchase. House and Dragon is an example in the wine category.

**5. Private Label**

Australian retailers becoming flooded with their own brands and it can be an easier route the market. The big retailers are hard to get into but wineries casting their eyes at a small tier of retailers or sideways to corporate customers will find that creating your own wine brand is a popular activity.

# Product Opportunities

**Format**

- Varietals
- Sparkling
- Flavoured

**Environmental**

- Organic
- Sustainable
- Carbon

**Health**

- No Alcohol
- Low Alcohol
- Vegan / Dairy / Carb / Gluten
- Low Sugar / Calorie
- Low Sulphate

**Ready To Drink**

- Spritzer
- Cocktail (e.g. Sangria / Mimosa)
- Frose

**Marketing**

- Reserve Tiers
- Tiering Ranges
- Collectables
- Co-Branding
- Private/Label

**Adjacencies**

- **Vinegars / Soy's / Sauces**
- **Fuel Additives**
- **Industrial Alcohols**

There are a range of food and beverage commercial wine grapes can be used in. These include juices, jams, grapeseed oil, grape vinegar and grape skin extract.

There are also a range of non food and beverage products commercial wine grapes can be used in:

Cosmetics: Grape seed oil is a popular ingredient in cosmetics because it is non-greasy and has moisturizing properties. It can be found in a variety of products, such as lotions, creams, and sunscreens.

Pharmaceuticals: Grape seed extract has been studied for its potential health benefits, such as reducing the risk of heart disease and cancer. It is also used in some medications, such as those for high blood pressure and high cholesterol.

Industrial products: Grape pulp can be used to make a variety of industrial products, such as adhesives, paints, and plastics.

Biofuel: Grape pomace, the leftover pulp from grapes that have been used to make wine or juice, can be used to make biofuel. Biofuel is a renewable energy source that can help to reduce our reliance on fossil fuels.

Disinfectant: Grapes contain compounds that have antibacterial and antifungal properties. These compounds can be extracted and used to make disinfectants.

Natural dye: Grape skins can be used to make a natural dye that is used to colour fabrics.



Market Strategy
www.marketstrategy.com.au

# Packaging Opportunities

**Format**

- Canned
- Boxed
- Pouched
- Mini Bottle
- Luxury
- Waste Reduction/Opening

**On Pack**

- Intelligent
- Interactive
- Personalised
- Augmented

**Sustainability**

- Recycled Materials
- Recyclability
- Lightweight glass
- Eco-Friendly Inks
- Footprint

**Serve**

- Single / Maxi Sizing
- Transportable
- Canned / Pouch / Mini / Kegs

With increased demand for portability, portionability and sustainability, there are opportunities for new packaging formats:

1. **Canned.** Canned wine has become increasingly popular for its portability, sustainability, and ability to stay fresh after opening.
2. **Boxed.** Environmental themes have seen the 'goon bag' evolve and wine can now be presented and consumed directly from a box. Typically still associated with low value categories.
3. **Pouched.** Ticks portion boxes and reduces freight costs.
4. **Mini Bottle.** Single serve and smaller formats - Smaller 375mL bottles, single serve pouches, and mini wine bottles make wine more approachable and portable.

Premiumisation in the category is another strong trend and packaging can also take advantage of this. Luxury brands with unique presentation formats and boxes have made their products more collectable and desirable.



Market Strategy
www.marketstrategy.com.au

# Packaging Opportunities

**Format**

- Canned
- Boxed
- Pouched
- Mini Bottle
- Luxury
- Waste Reduction/Opening

**On Pack**

- **Intelligent**
- **Interactive**
- **Personalised**
- **Augmented**
- **Anti-Counterfeit**

**Sustainability**

- Recycled Materials
- Recyclability
- Lightweight glass
- Eco-Friendly Inks
- Footprint

**Serve**

- Single / Maxi Sizing
- Transportable
- Canned / Pouch / Mini / Kegs

1. Intelligent packaging: Intelligent packaging uses technology to provide consumers with information about the wine, such as its origin, vintage, and tasting notes. This information can be accessed via a smartphone or other device.

2. Interactive packaging: Interactive packaging allows consumers to interact with the wine in a variety of ways, such as by scanning a QR code to access information about the wine or by playing a game. This type of packaging can help to create a more engaging and memorable experience for consumers.

3. Personalized packaging: Personalized packaging allows consumers to customize their wine experience. This could involve choosing the type of wine, the size of the bottle, or the packaging design.

4. Augmented reality - Smartphone scannable codes and AR provide consumers with info on sustainability, winemaking, food pairings, etc.

5. Anti-Counterfeit. Premium products, including food and beverage have been taking steps to identify themselves in market. Rudimentary tagging methods are being replaced by anti-counterfeit inks and blockchain technology.



*Source YPB*



Market Strategy
www.marketstrategy.com.au

# Packaging Opportunities

**Format**

- Canned
- Boxed
- Pouched
- Mini Bottle
- Luxury
- Waste Reduction/Opening

**On Pack**

- Intelligent
- Interactive
- Personalised
- Augmented

**Sustainability**

- **Recycled Materials**
- **Recycleability**
- **Lightweight glass**
- **Eco-Friendly Inks**
- **Footprint**

**Serve**

- Single / Maxi Sizing
- Transportable
- Canned / Pouch / Mini / Kegs

There is a growing demand for sustainable packaging, and the wine industry is no exception. Winemakers are looking for ways to reduce the environmental impact of their packaging, such as using:

Recycled materials. For use in creating packaging, labelling and containerisation solutions.

Recyclable packaging. As consumers become more used to and want to recycle their packaging.

Lightweight glass. To reduce shipping costs and environmental footprint.

Eco-friendly inks. To minimise the environmental impact of labels.

Sustainability is a major global focus and should be treated as a hygiene factor for continued participation in the industry.



Market Strategy
www.marketstrategy.com.au

# Packaging Opportunities

**Format**

- Canned
- Boxed
- Pouched
- Mini Bottle
- Luxury
- Waste Reduction/Opening

**On Pack**

- Intelligent
- Interactive
- Personalised
- Augmented

**Sustainability**

- Recycled Materials
- Recycleability
- Lightweight glass
- Eco-Friendly Inks
- Footprint

**Serve**

- **Single / Maxi Sizing**
- **Transportable**
- **Canned / Pouch / Mini / Kegs**

Serving size is highly related to packaging format, but is included as a frame of entry for considering packaging decisions.

Consider how your customer will approach:

1. Serving Size. Are they looking for single, standard or maxi sizing options?
2. Portability. How and in what setting are they looking to consume the products?
3. Format options. How will these format options add value or remove barriers to consumption for the target market.



Market Strategy
www.marketstrategy.com.au

# Communication Opportunities

**Category / Region Based**

- Regional Brand.
- Consumption Campaign:
- Jobs to be Done Framework:.
- The Celebration Peak:

**Winery Brands**

- Establish Pricing Power
- Create Differentiation
- Ensure Salience
- Be Meaningful

**Integrity**

- Traceability
- Authenticity
- Sustainability
- Organic

**Tactical**

- Winery Social Media
- In person trade events and missions.
- Word of Mouth.
- Gamification and placement.
- Wine & Food partnerships.
- Influencers & Sommeliers
- Wine Apps & Reviews
- Celebrity Endorsements & Partners

The Riverland Wine Region has poor domestic and international awareness. For those that do know about it, it is characterised as a 'bulk wine' region selling value-based wine offerings.

There is no question that the Riverland Wine Region needs to develop and market a regional identity to take control of its market perception. Amongst the benefits of a stronger brand are: assisting wineries to charge higher price points, differentiating product on shelf; promoting the Riverland as a destination for wine tourism.

The following are a selection of evidence that promotes the need for a Riverland Wine brand.

1. A domestic study by Ehrenberg Bass showed that regional promotion at point of sale increased sales by 52%.

2. The number one barrier to purchase of Australian wine in US Is lack of knowledge of Australian wine regions. (Wine Opinions).

3. In a study looking at factors influencing buying decision in USA. 71% of buyers say grape variety influences them and then 68% say 'a region you know and like'. If you are from an unknown region, you wont get picked off the shelf. Nearly two thirds of USA drinkers who didn't buy Australian wine (over $20) did not make purchase due to lack of familiarity to wine region.

It should be noted that Ehrenberg Bass Australian research shows that a Regional Wine Brand only has an impact in categories over the $15 price bracket. Beneath the $15 price bracket consumers are driven by wine varietal and label appeal. Above $15 consumers are driven by wine varietal, then region, then label appeal.

# Communication Opportunities

**Category / Region Based**

- Regional Brand
- **Consumption Campaign**
- **Jobs to be Done Framework**
- **The Celebration Peak**

**Winery Brands**

- Establish Pricing Power
- Create Differentiation
- Ensure Salience
- Be Meaningful

**Integrity**

- Traceability
- Authenticity
- Sustainability
- Organic

**Tactical**

- Winery Social Media
- In person trade events and missions.
- Word of Mouth.
- Gamification and placement.
- Wine & Food partnerships.
- Influencers & Sommeliers
- Wine Apps & Reviews
- Celebrity Endorsements & Partners

This report has identified the decline in wine consumption has been driven by a change in lifestyle trends and the traditional usage of the product in traditionally high consuming countries.

**Consumption Campaign**

Ciatti frame this challenge perfectly. The challenge for wine is to reinvigorate wine as a daily part of a healthy lifestyle.
Marketers must ask themselves if we truly understand the role that wine plays in the modern world and whether we have repositioned the wine category for the needs of the modern marketplace.

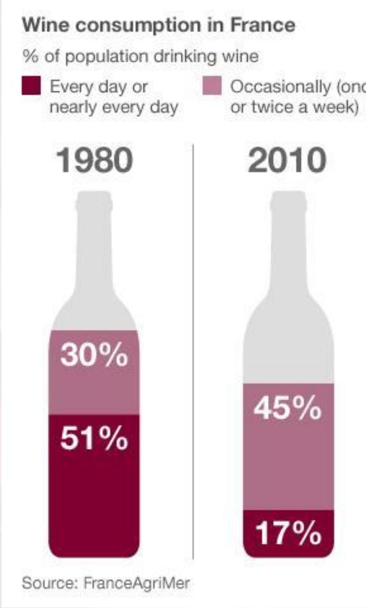
**Jobs to Be Done**

The jobs-to-be-done framework is an approach to developing products based on understanding both the customer's specific goal, or "job," and the thought processes that would lead that customer to "hire" a product to complete the job.

Wine usage should be reevaluated using this methodology. A useful introduction can be found here.

**The Celebration Peak**

Wine and celebrations: Wine is often associated with celebrations, contributing to increased consumption during festive periods. This ground needs protecting against other drinks that will try to own it.




# Communication Opportunities

**Category / Region Based**

- Regional Brand.
- Consumption Campaign.
- Jobs to be Done Framework.
- The Celebration Peak.

**Winery Brands**

- **Establish Pricing Power**
- **Create Differentiation**
- **Ensure Salience**
- **Be Meaningful**

**Integrity**

- Traceability
- Authenticity
- Sustainability
- Organic

**Tactical**

- Winery Social Media
- In person trade events and missions.
- Word of Mouth.
- Gamification and placement.
- Wine & Food partnerships.
- Influencers & Sommeliers
- Wine Apps & Reviews
- Celebrity Endorsements & Partners

Regional wineries must develop strong brands. These brands can be used to build value and protect against competition. Strong brands are relevant to consumers, are distinctive (so they stand out) and have good physical availability to facilitate purchase.

Kantar's Global Brand report identified that the world's strongest brands are:

1. Meaningful – making their customers lives better.
2. Different – reducing the risk of substitution.
3. Salient – relevant to their customers in purchasing situations.
4. Powerful – price points are justified with positive perceptions.
5. Sustainable – showing up for the environment where it matters.



Market Strategy
www.marketstrategy.com.au

# Communication Opportunities

**Category / Region Based**

- Regional Brand
- Consumption Campaign
- Jobs to be Done Framework
- The Celebration Peak

**Winery Brands**

- Establish Pricing Power
- Create Differentiation
- Ensure Salience
- By Meaningful

**Integrity**

- **Traceability**
- **Authenticity**
- **Sustainability**
- **Organic**

**Tactical**

- Winery Social Media
- In person trade events and missions.
- Word of Mouth.
- Gamification and placement.
- Wine & Food partnerships.
- Influencers & Sommeliers
- Wine Apps & Reviews
- Celebrity Endorsements & Partners

Integrity is important in wine marketing because it builds trust with consumers. When consumers know that they can trust the wine they are buying, they are more likely to buy it again. Integrity can be shown in several ways:

1. Traceability is the ability to track a product from its origin to its destination. This is important in wine marketing because it allows consumers to know where their wine came from and how it was made. Traceability can be achieved through a variety of methods, such as using barcodes or RFID tags.

2. Authenticity is the quality of being genuine or real. This is important in wine marketing because consumers want to be sure that the wine, they are buying is the real deal. Authenticity can be shown through several ways, such as using certified grapes or following traditional winemaking methods.

3. Sustainability is the ability to meet the needs of the present without compromising the ability of future generations to meet their own needs. This is important in wine marketing because consumers are increasingly concerned about the environmental impact of their purchases. Sustainability can be shown through several ways, such as using organic farming practices or reducing the use of energy and water.

By demonstrating integrity in their marketing, winemakers can build trust with consumers and increase their chances of success. Integrity is an important opportunity in wine marketing because it can help winemakers to differentiate their products from the competition.



Market Strategy
www.marketstrategy.com.au

# Communication Opportunities

**Category / Region Based**

- Regional Brand
- Consumption Campaign
- Jobs to be Done Framework
- The Celebration Peak

**Winery Brands**

- Establish Pricing Power
- Create Differentiation
- Ensure Salience
- By Meaningful

**Integrity**

- Traceability
- Authenticity
- Sustainability
- Organic

**Tactical**

- **Winery Social Media**
- **In person trade events and missions.**
- **Word of Mouth.**
- **Gamification and placement.**
- **Wine & Food partnerships.**
- **Influencers & Sommeliers**
- **Wine Apps & Reviews**
- **Celebrity Endorsements & Partners**

There are a range of communication tactics available to wineries. Here are a selection of tactics repeatedly found during the research.

1. Winery Social Media. The increasing importance of social media in the wine industry. Social media is playing an increasingly important role in the wine industry, as it allows winemakers to connect with consumers and promote their wines. Winemakers are using social media to share information about their wines, as well as to host tastings and events.
2. In person trade events and missions. US research from Wine Opinions show that this is the number one way to develop new trade relationships.
3. Word of Mouth. Remains the most effective way for developing brand awareness and sales. Building and unleashing an army of authentic advocates for a brand is a powerful marketing tactic.
4. Gamification and placement. Brands use games, rewards programs and new technology to drive sales.
5. Wine & Food partnerships. Wine and food pairing: The culinary culture and the growing interest in gastronomy influence wine consumption patterns and choices.
6. Influencers & Sommeliers. Wine influencers and sommeliers: Influential personalities and experts shape consumer choices through their recommendations and expertise.
7. Wine Apps & Reviews. Wine apps and online reviews: Wine-specific mobile applications and online reviews influence consumer choices and provide wine recommendations.
8. Celebrity Endorsements & Partners. Celebrity endorsements and collaborations: Partnerships between wine brands and celebrities can generate interest and expand consumer reach.
9. Wine education and certification programs: Professional wine courses and certifications create a knowledgeable consumer base, driving wine consumption.
10. Wine and online reviews: User-generated reviews and ratings on platforms like Vivino and CellarTracker influence consumer purchasing decisions.
11. Wine competitions and events: Wine tastings, wine competitions, and industry events create opportunities for consumers to discover new wines and expand their knowledge. Recognition in wine competitions and receiving awards can enhance a wine's reputation and consumer demand.

# Channel Opportunities

Territory

- Canada / Norway / Finland $/Litre higher.
- Brazil / India Growth
- Asia Growth Territories

Wine Australia supply multiple market reports at regular intervals. These should be consulted as first port of call for development of export marketing plans.

Notable areas include:

1. Territories like Canada, Norway & Finland are delivering higher $/Litre higher.
2. Territories like Brazil and India growing rapidly from small bases.
3. Asian growth territories that include Korea, Indonesia, Vietnam, Malaysia, Thailand, Myanmar.

Channel Shifts

- Direct to consumer
- Multi-channel
- Omni channel

Branding

- Buyers Own Brand
- Co-Branding


Market Strategy
www.marketstrategy.com.au

# Channel Opportunities

Territory

- Canada / Norway / Finland $/Litre higher.
- Brazil / India Growth
- Asia Growth Territories

Channel Shifts

- **Direct to consumer**
- **Multi-channel**
- **Omni channel**

Branding

- Buyers Own Brand
- Co-Branding

There are significant opportunities being created as people start to purchase wine in different ways. Three large opportunities are:

**Direct To Consumer**

Ehrenberg Bass identified three golden requirements to maximise the success of direct sales to customers:

1. Cellar Door Sales. Cellar Door Sales are significantly higher and also promote a loyalty to repurchase from the winery.
2. Online Shop. This enables visitors to easily repurchase wines when they return to their home destinations.
3. Wine Club. This allows subscribers access to special releases and offers that they will not find out about otherwise and increases engagement.

Wineries selling directly to consumers have gained popularity, providing unique experiences and personalized interactions.

**Online Channels**

Rise of online wine sales. Online wine sales are growing rapidly, as more people are turning to the internet to buy wine. This is making it easier for people to find the wines they want, regardless of where they live. There is significant opportunity to increase the frequency of purchase through these channels.

The rise of wine subscription services. Wine subscription services are becoming increasingly popular, as they allow consumers to try a variety of wines without having to commit to buying a full bottle. These services often offer discounts and other benefits, such as free shipping.

**Omnichannel**

Omnichannel refers to having multiple ways of selling to the same consumer – taking a wholistic view of how they might by your product. Cellar door, online shop and retail might be example of this. Considering a omnichannel view of a single consumer ensures your products are accessible to consumers where they are needed.



Market Strategy
www.marketstrategy.com.au

# Channel Opportunities

Territory

- Canada / Norway / Finland $/Litre higher.
- Brazil / India Growth
- Asia Growth Territories

Channel Shifts

- Direct to consumer
- Multi-channel
- Omni channel

Branding

- **Buyers Own Brand**
- **Co-Branding**

Buyers Own Brand. Buyers own brand accounts for around 20% of market in Australia. It is not a threat to small or medium wineries as it operates mainly in the sub $10 market. Small and mediums should not be operating there.

Cobranding is a marketing strategy in which two or more brands collaborate to create a new product or service. This can be a mutually beneficial arrangement for both brands, as it can help to reach a wider audience and increase brand awareness.

For wineries in Australia, cobranding can offer a number of opportunities. For example, it can help to:

Reach a new audience: By partnering with a brand that has a different target audience, wineries can reach new consumers who may not have been aware of their products before.

Increase brand awareness: When two well-known brands come together, it can create a lot of buzz and excitement, which can help to increase brand awareness for both brands.

Differentiate from the competition: Cobranding can help wineries to differentiate themselves from the competition by offering something unique and innovative.

Expand into new markets: Cobranding can help wineries to expand into new markets by leveraging the partner brand's existing distribution channels.

Reduce marketing costs: Cobranding can help wineries to reduce their marketing costs by sharing the costs of advertising and promotion with the partner brand.



Market Strategy
www.marketstrategy.com.au

# Wine Tourism

2030 $30Billion Global Industry

| | |
|---|---|
| Full Stack Tourism Offer | What makes this region different, why am I going to visit? On top of wine, what are you know for? |
| Tourism Infrastructure | Access to and from the region, accommodation & eating, tourism friendly services etc |
| Winery Immersive Experiences | An ability to engage with and spend time in wineries. Go beyond the cellar door into wine making, production and discovery centres. |
| High Quality & Diverse Wines | Something for the wine enthusiast that is worth visiting for. |
| Gastronomy & Food | Wine tourists have high standards for eating out and dining. An experience for the senses. |

Napa Valley, California: Napa Valley is one of the most famous wine regions in the world. It is known for its high-quality wines, its stunning scenery, and its world-class resorts.

The Barossa Valley, Australia: The Barossa Valley is known for its Shiraz wines. It is also home to a number of historic wineries and charming villages.

The Douro Valley, Portugal: The Douro Valley is a UNESCO World Heritage Site. It is known for its steep slopes, its terraced vineyards, and its Port wines. known for its centuries-old winemaking traditions and stunning landscapes, making it a popular wine tourism destination

In South Africa, the Cape Winelands region combines wine tourism with wildlife safaris, offering tourists a diverse range of experiences within a single destination.

The Stellenbosch Valley, South Africa: Stellenbosch is known for its Cabernet Sauvignon wines. It is also home to a number of world-class wineries and restaurants.

In Chile, the Colchagua Valley Wine Route is a successful example of wineries working together with tourism authorities to promote the region as a wine tourism destination.

The Mendoza region in Argentina offers wine tourists the opportunity to indulge in wine tastings accompanied by traditional Argentinean cuisine, enhancing the overall wine tourism experience.

The Marlborough Wine and Food Festival in New Zealand is an annual event that showcases the region's renowned Sauvignon Blanc wines, attracting both locals and international visitors. The Marlborough region in New Zealand has implemented sustainable viticulture practices and promotes itself as an eco-friendly wine tourism destination.

The Hunter Valley in Australia offers wine enthusiasts the opportunity to participate in blending sessions, where they can create their own wine blend under the guidance of winemakers.

The Margaret River region in Western Australia offers a comprehensive wine tourism infrastructure, including cellar door experiences, guided tours, and luxury accommodation.



Market Strategy
www.marketstrategy.com.au

# Key Recommendations



Market Strategy
www.marketstrategy.com.au

# Key Recommendations

This report recommends six key market development themes for consideration by the project steering committee. These themes are deemed most important to creating and satisfying demand for Riverland Wine.

The recommendation of these themes does not preclude individual businesses from pursuing other opportunities identified in the report. However, it is important that these themes are addressed at an industry or category level.

Some of the recommendations may already be being addressed by other development projects currently being undertaken in the industry. Implementation plans for those that are not currently being addressed will then be incorporated into the industry blueprint.

**Theme 1 – Primary Production Formats**

Prioritisation of lighter varietals, new varietals, Rose, and Sparkling Wine reflecting the needs of the modern consumer.

**Theme 2 – Environment & Sustainability**

The creation of a sustainable industry with an environmentally responsible footprint at all stages of the value chain.

**Theme 3 – New Product Development**

The creation of products that fit no alcohol, low alcohol, low calorie/sugar, and niche health concerns. Packaged appropriately for portionability and portability.

**Theme 4 – Regional Identity – Riverland Wine**

The creation of a regional identity will allow the Riverland to proactively define what Riverland wine means to target customers and consumers. It is a crucial weapon in demand generation for consumer and trade. The alternative –which is currently happening - is to let the marketplace and your competitors define you.

**Theme 5 – Develop Winery Marketing Capability**

Creating Riverland Winery Brands by developing the marketing capabilities of local winery brands. Specifically this should deal with brand development, product range tiering, direct to consumer marketing and marketing tactics).

**Theme 6 – Wine Tourism**

Establishing the Riverland as a major destination for wine tourism, with a unique wine proposition backed by cellar door experiences and lead by a Riverland Regional Tourism Strategy.



Market Strategy
www.marketstrategy.com.au

# Theme 5 - Develop Winery Marketing Capability

The case study of the Lodi region shows that developing wineries has been fundamental to sustaining higher grape prices.

The creation of wineries needs the development of wine brands and wine marketing programs to sell product.

To make this happen, growers need to develop a sales and marketing capability and have access to a network of service providers that can provide the activities required.

The types of activities that will be needed include the following. This is not an exhaustive list but give some perspective.

- How to develop and structure an appropriate product range.
- How to develop and structure appropriate distribution channels including direct to consumer, distributors and access to international markets.
- How to develop effective pricing strategies to maximise profitability.
- The promotional materials required to launch a winery brand
    - Logos, labels, style guide etc
    - Website and ecommerce functionality
    - Cellar Door marketing
    - Basic digital marketing.
    - Fundamentals of trade marketing.

The blueprint should consider how growers will implement the activities above. Education masterclasses and materials can help embed this knowledge, but thought must also be given to introducing a network of suitable suppliers that can help growers implement their strategies.



Market Strategy
www.marketstrategy.com.au

## FUNDING PARTNERS

Government of South Australia
Department of Primary Industries and Regions

riverland wine

Australian Government
Wine Australia

Wine Australia

WINE GRAPE COUNCIL SA


EO@RIVERLANDWINE.COM.AU
WWW.RIVERLANDWINE.COM.AU


NOVEMBER2023